

## Message Text

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PAGE 01 STATE 103821

ORIGIN NEA-10

INFO OCT-01 ISO-00 EB-07 FPC-01 FEA-01 COME-00 L-03

IGA-02 AID-05 CIAE-00 INR-07 NSAE-00 OMB-01

TRSE-00 SP-02 /040 R

DRAFTED BY NEA/AFN:DLJAMESON:PAW

APPROVED BY NEA/AFN:WSWEISLOGEL

EB/ORF/FSE:GRASE (PHONE)

FPC:ABRUBAKER (SUBS)

-----071347Z 074044 /41

R 062118Z MAY 77

FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS

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E.O. 11652: N/A

TAGS: ENRG, AG, US

SUBJECT: STATUS OF ALGERIAN LNG CONTRACTS

1. FPC HAS APPROVED TRUNKLINE (PANHANDLE) LNG IMPORT CONTRACT BUT WITH TWO MAJOR CONDITIONS: (1) GAS IMPORTED UNDER THIS CONTRACT MUST BE SOLD TO TRUNKLINE CUSTOMERS ON AN INCREMENTAL RATHER THAN A ROLLED IN BASIS AND (2) THE AUTOMATIC PRICE ADJUSTMENT MECHANISM CALLED FOR IN THE CONTRACT IS REJECTED. TRUNKLINE NOW HAS 30 DAYS TO PETITION FOR A RECONSIDERATION OF THESE CONDITIONS, WHICH THE COMPANY IS EXPECTED TO DO, AND THE FPC HAS 30 DAYS FOLLOWING RECEIPT OF THE PETITION TO MAKE A FINAL RULING ON THESE POINTS. COPY OF FPC RULING ON CASE (OPINION 796) IS BEING POUCHED TO ALGIERS.

2. SCHEDULES FOR CONSIDERATION OF BOTH THE EL PASO II

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PAGE 02 STATE 103821

CONTRACT AND THE TENNECO PIPELINE FROM CANADA HAVE BEEN SET AND FINAL DECISIONS ON THESE TWO CASES ARE EXPECTED BEFORE THE END OF THE YEAR.

3. HEARINGS ON THE SHORT TERM DISTRIGAS CONTRACT WILL SOON BE CONCLUDED AND A DECISION IS EXPECTED SHORTLY THEREAFTER. HEARINGS FOR THE LONG TERM DISTRIGAS CONTRACT HAVE NOT YET

BEEN SET BUT SHOULD BEGIN IN THE NEXT SEVERAL MONTHS.

4. THE EASCOGAS CONTRACT IS STILL BEING HELD UP BY THE COMPANY, WHICH HAS NOT YET SUBMITTED COMPLETE INFORMATION TO THE FPC.

5. THE FPC IS NOW MAKING AN EFFORT TO EXPEDITE CONSIDERATION OF ALL GAS IMPORT CASES, INCLUDING THOSE FROM ALGERIA, AND WE EXPECT PROCEEDINGS TO MOVE FORWARD AS FAST AS POSSIBLE WITHIN NORMAL LEGAL AND PROCEDURAL CONSTRAINTS. CHRISTOPHER

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NNN

## Message Attributes

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**Review Markings:**  
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